

AMENDED IN SENATE JANUARY 4, 2010

AMENDED IN ASSEMBLY JUNE 1, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 548

Introduced by Assembly Member ~~Krekorian~~ *Chesbro*
(Coauthor: Senator Benoit)

February 25, 2009

An act to amend Section 17558.5 of the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

AB 548, as amended, ~~Krekorian~~ *Chesbro*. State mandates.

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates. Under this procedure, the commission is required to hear and decide upon each claim for reimbursement and then determine the amount to be subvented for reimbursement, which the Controller is required to pay to eligible claimants. The procedure also provides that a reimbursement claim for actual costs filed by a local agency or school district is subject to an audit by the Controller no later than 3 years after the date that the actual reimbursement claim is filed or last amended, whichever is later, but that, if no funds are appropriated or no payment is made to a claimant for the fiscal year for

which the claim is filed, the audit is required to be commenced no later than 3 years from the date of the initial payment of the claim.

This bill would delete the provision that authorizes the Controller to commence an audit more than 3 years from the date of the initial payment of the claim if those conditions exist. The bill would also extend the time in which the Controller is authorized to audit a claim for reimbursement to 4 years after the date the claim is filed or amended, whichever is later.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17558.5 of the Government Code is
2 amended to read:

3 17558.5. (a) A reimbursement claim for actual costs filed by
4 a local agency or school district pursuant to this chapter is subject
5 to the initiation of an audit by the Controller no later than four
6 years after the date that the actual reimbursement claim is filed or
7 last amended, whichever is later. An audit shall be completed not
8 later than two years after the date that the audit is commenced.

9 (b) The Controller may conduct a field review of any claim after
10 the claim has been submitted, prior to the reimbursement of the
11 claim.

12 (c) The Controller shall notify the claimant in writing within
13 30 days after issuance of a remittance advice of ~~any~~ *an* adjustment
14 to a claim for reimbursement that results from an audit or review.
15 The notification shall specify the claim components adjusted, the
16 amounts adjusted, interest charges on claims adjusted to reduce
17 the overall reimbursement to the local agency or school district,
18 and the reason for the adjustment. Remittance advices and other
19 notices of payment action shall not constitute notice of adjustment
20 from an audit or review.

21 (d) The interest rate charged by the Controller on reduced claims
22 shall be set at the Pooled Money Investment Account rate and shall
23 be imposed on the dollar amount of the overpaid claim from the
24 time the claim was paid until overpayment is satisfied.

25 (e) Nothing in this section shall be construed to limit the
26 adjustment of payments when inaccuracies are determined to be
27 the result of the intent to defraud, or when a delay in the completion

- 1 of an audit is the result of willful acts by the claimant or inability
- 2 to reach agreement on terms of final settlement.

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